

NASTD

Technology Professionals Serving State
Government

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Marlene H. Dortch, Secretary
Federal Communications Commission

445 12th Street SW

Washington, DC 20554

RE: Comprehensive Review of Universal Service Fund Management,
Administration, and Oversight, WC Docket No. 05-195

Dear Ms. Dortch,

The purpose of this letter is to express the concern of state government officials over suggested changes to the Universal Service Contribution Methodology. NASTD filed a letter dated February 28, 2003, in Interim Measures for Universal Service Contributions, Docket No. 96-45. This letter demonstrated that a telephone number-based assessment with a uniform rate per number could have a serious, negative impact on state government telecommunications budgets.

NASTD – the National Association of State Telecommunications Directors, represents the state agencies authorized by their respective state legislatures to provide telecommunications and information services to public entities. This includes state agencies, local governments, universities, colleges, schools, and libraries. As such, we represent entities within the states whose mission is to serve, among others, many of the end users who are the primary beneficiaries of the current Federal Universal Service Program.

NASTD's position: NASTD is concerned that a change to a phone number-based FUSF contribution methodology will have a negative effect on state governments' operating costs, and will burden state governments with a disproportionate share of carriers' FUSF contribution costs. There are several areas we need to understand and hope the Commission would bear in mind when considering this matter:

- We seek to understand the effects on various types of telecommunications services that would result from the adoption of a telephone number-based contribution methodology. An example of this would be high capacity digital circuits used for data transmission which are not associated with telephone numbers.
- We seek to understand at what level a uniform per-number per-month fee would be set. Our 2003 comments noted that at a \$1 per-number per-month level the phone number-based assessment could have a net impact of millions of dollars per year in new costs for state governments for Centrex services alone. Other services commonly used by state governments which would be similarly affected include PBX's with DID service, cell phones, and



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- Finally, an overall concern is one of policy objectives and fundamental fairness. It appears that the FCC's decision could have the effect of placing a disproportionate new cost burden on some of the public entities which have been working for years to ensure that cost-effective services are available to beneficiaries of the universal service program.

In summary, this change could have a particularly large cost impact on state governments due to our telecommunications usage profile. We have many Centrex lines, individual business lines for voice and facsimile use, and other phone numbers assigned to pagers, cell phones and other devices, all of which have primarily local and intrastate calling patterns. The shift from a contribution methodology based on interstate revenues to one based on connections is of particular concern to our members because of its potential to shift the burden for FUSF contributions to entities like state government.

We appreciate your consideration in this matter.

Respectfully,

A handwritten signature in black ink that reads "Tom Fletcher". The signature is written in a cursive, flowing style.

Tom Fletcher
President, NASTD